

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 H-02 L-03 /025 R

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EUR/RPE - MR. CLARK

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

UNCLAS STATE 165668

E.O. 11652:N/A

TAGS:EFIN, ETRA, US

SUBJECT: TAX DEDUCTABILITY OF ATTENDANCE AT FOREIGN CON-
VENTIONS

REF: LONDON 09369 (NOTAL)

1. HOUSE VERSION OF H.R. 10612 (TAX REFORM BILL) WAS
REPORTED OUT DEC. 75. SENATE VERSION IS CURRENTLY BEING
DEBATED ON THE FLOOR. SENATE DEBATE IS PROCEEDING ARTICLE
BY ARTICLE AND SECTION ON FOREIGN CONVENTIONS DEDUCTIONS
NOT YET REACHED BUT IS EXPECTED TO BE ACTED UPON BEFORE END
OF WEEK..

2. MOST IMPORTANT FEATURES OF SENATE VERSION ARE THAT NO
DEDUCTION IS ALLOWABLE FOR FOREIGN TRAVEL OR SUBSISTENCE
EXPENSES FOR CONVENTION OUTSIDE NORTH AMERICA UNLESS (A) A
CERTAIN FOREIGN LOCATION IS UNIQUELY SUITED TO THE NATURE OR
PURPOSE OF THE CONVENTION OR (B) THE CONVENTION IS CON-
DUCTED BY AN ORGANIZATION WITH FOREIGN MEMBERS AND MEETING
LOCATIONS MUST BE ROTATED AMONG SEVERAL COUNTRIES.

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3. HOUSE VERSION TAKES A VERY DIFFERENT APPROACH. DEDUC-

TIONS FOR CONVENTIONS OUTSIDE OF NORTH AMERICA ARE RESTRICTED TO THE FOLLOWING: (A) TWO CONVENTIONS PER YEAR,

(B) TRANSPORTATION COSTS NOT TO EXCEED ECONOMY AIR FARE,

(C) TRANSPORTATION COSTS DEDUCTIBLE IN FULL ONLY IF AT LEAST ONE-HALF OF THE DAYS OF THE TRIP ARE DEVOTED TO BUSINESS ACTIVITIES (D) DEDUCTIONS FOR SUBSISTENCE

EXPENSES NOT ALLOWED UNLESS THE INDIVIDUAL ATTENDS TWO-THIRDS OF BUSINESS ACTIVITIES, AND (E) DEDUCTIBLE

SUBSISTENCE ALLOWANCE NOT TO EXCEED PER DIEM RATE FOR USG CIVIL SERVANTS.

4. DEPT. HAS DISCUSSED THIS PORTION OF TAX REFORM BILL WITH U.K. EMBASSY. THEY SEEM TO FIND HOUSE VERSION OF BILL ACCEPTABLE. DEPT. POSITION ON THIS ISSUE IS THAT ANY RESTRICTION ON CONVENTION DEDUCTIONS SHOULD APPLY EQUALLY TO BOTH FOREIGN AND DOMESTIC CONVENTIONS. THIS VIEW HAS BEEN COMMUNICATED TO BOTH THE SENATE FINANCE COMMITTEE AND THE HOUSE WAYS AND MEANS COMMITTEE.

5. AT THIS TIME IT IS NOT POSSIBLE TO PREDICT THE FINAL FORM THE BILL WILL TAKE. DEPARTMENT WILL INFORM POSTS OF FINAL FORM WHEN IT AVAILABLE. KISSINGER

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Message Attributes

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